

HB 2255 - H AMD 385

By Representative Conway

ADOPTED 04/01/2005

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that the unemployment
4 insurance system was created to set aside unemployment reserves to be
5 used for the benefit of persons who are unemployed through no fault of
6 their own and to maintain purchasing power and limit the social
7 consequences of unemployment. The legislature further finds that the
8 system is falling short of these goals by failing to recognize the
9 importance of applying liberal construction for the purpose of reducing
10 involuntary unemployment, and the suffering caused by it, to the
11 minimum, and by failing to provide equitable benefits to unemployed
12 workers. The legislature also recognizes the desirability of managing
13 the system to take into account the goal of reducing costs to foster a
14 competitive business climate. The legislature intends to adjust the
15 balance between these goals by reinstating the requirement for liberal
16 construction and making other adjustments in the system that will allow
17 reasonable improvements in benefit equity, including reinstating a
18 weekly benefit calculation based on the wages in the two quarters of
19 the claimant's base year in which wages were the highest. The
20 legislature finds that these adjustments are critical to the health and
21 welfare of unemployed workers, and to the purchasing power essential to
22 the economic health and welfare of communities and the state, and
23 should be implemented as soon as feasible.

24 **Sec. 2.** RCW 50.01.010 and 2003 2nd sp.s. c 4 s 1 are each amended
25 to read as follows:

26 Whereas, economic insecurity due to unemployment is a serious
27 menace to the health, morals and welfare of the people of this state;
28 involuntary unemployment is, therefore, a subject of general interest
29 and concern which requires appropriate action by the legislature to

1 prevent its spread and to lighten its burden which now so often falls
2 with crushing force upon the unemployed worker and his family. Social
3 security requires protection against this greatest hazard of our
4 economic life. This can be provided only by application of the
5 insurance principle of sharing the risks, and by the systematic
6 accumulation of funds during periods of employment to provide benefits
7 for periods of unemployment, thus maintaining purchasing powers and
8 limiting the serious social consequences of relief assistance. The
9 state of Washington, therefore, exercising herein its police and
10 sovereign power endeavors by this title to remedy any widespread
11 unemployment situation which may occur and to set up safeguards to
12 prevent its recurrence in the years to come. The legislature,
13 therefore, declares that in its considered judgment the public good,
14 and the general welfare of the citizens of this state require the
15 enactment of this measure, under the police powers of the state, for
16 the compulsory setting aside of unemployment reserves to be used for
17 the benefit of persons unemployed through no fault of their own, and
18 that this title shall be liberally construed for the purpose of
19 reducing involuntary unemployment and the suffering caused thereby to
20 the minimum.

21 **Sec. 3.** RCW 50.20.120 and 2003 2nd sp.s. c 4 s 11 are each amended
22 to read as follows:

23 (1)(a) Subject to the other provisions of this title, benefits
24 shall be payable to any eligible individual during the individual's
25 benefit year in a maximum amount equal to the lesser of thirty times
26 the weekly benefit amount, as determined in subsection (2) of this
27 section, or one-third of the individual's base year wages under this
28 title: PROVIDED, That as to any week which falls in an extended
29 benefit period as defined in RCW 50.22.010(1), an individual's
30 eligibility for maximum benefits in excess of twenty-six times his or
31 her weekly benefit amount will be subject to the terms and conditions
32 set forth in RCW 50.22.020.

33 (b) With respect to claims that have an effective date on or after
34 the first Sunday of the calendar month immediately following the month
35 in which the commissioner finds that the state unemployment rate is six
36 and eight-tenths percent or less, benefits shall be payable to any
37 eligible individual during the individual's benefit year in a maximum

1 amount equal to the lesser of twenty-six times the weekly benefit
2 amount, as determined in subsection (2) of this section, or one-third
3 of the individual's base year wages under this title.

4 (2)(a) For claims with an effective date before January 4, 2004, an
5 individual's weekly benefit amount shall be an amount equal to one
6 twenty-fifth of the average quarterly wages of the individual's total
7 wages during the two quarters of the individual's base year in which
8 such total wages were highest.

9 (b) With respect to claims with an effective date on or after
10 January 4, 2004, and before January 2, 2005, an individual's weekly
11 benefit amount shall be an amount equal to one twenty-fifth of the
12 average quarterly wages of the individual's total wages during the
13 three quarters of the individual's base year in which such total wages
14 were highest.

15 (c)(i) With respect to claims with an effective date on or after
16 January 2, 2005, except as provided in (c)(ii) of this subsection, an
17 individual's weekly benefit amount shall be an amount equal to one
18 percent of the total wages paid in the individual's base year.

19 (ii) With respect to claims with an effective date on or after the
20 first Sunday following the day on which the governor signs this act,
21 and before July 1, 2007, an individual's weekly benefit amount shall be
22 an amount equal to three and eighty-five one-hundredths percent of the
23 average quarterly wages of the individual's total wages during the two
24 quarters of the individual's base year in which such total wages were
25 highest.

26 (3) The maximum and minimum amounts payable weekly shall be
27 determined as of each June 30th to apply to benefit years beginning in
28 the twelve-month period immediately following such June 30th.

29 (a)(i) With respect to claims that have an effective date before
30 January 4, 2004, the maximum amount payable weekly shall be seventy
31 percent of the "average weekly wage" for the calendar year preceding
32 such June 30th.

33 (ii) With respect to claims that have an effective date on or after
34 January 4, 2004, the maximum amount payable weekly shall be either four
35 hundred ninety-six dollars or sixty-three percent of the "average
36 weekly wage" for the calendar year preceding such June 30th, whichever
37 is greater.

1 (b) The minimum amount payable weekly shall be fifteen percent of
2 the "average weekly wage" for the calendar year preceding such June
3 30th.

4 (4) If any weekly benefit, maximum benefit, or minimum benefit
5 amount computed herein is not a multiple of one dollar, it shall be
6 reduced to the next lower multiple of one dollar.

7 **Sec. 4.** RCW 50.29.025 and 2003 2nd sp.s. c 4 s 14 are each amended
8 to read as follows:

9 (1) Except as provided in subsection (2) of this section, the
10 contribution rate for each employer subject to contributions under RCW
11 50.24.010 shall be determined under this subsection.

12 (a) A fund balance ratio shall be determined by dividing the
13 balance in the unemployment compensation fund as of the September 30th
14 immediately preceding the rate year by the total remuneration paid by
15 all employers subject to contributions during the second calendar year
16 preceding the rate year and reported to the department by the following
17 March 31st. The division shall be carried to the fourth decimal place
18 with the remaining fraction, if any, disregarded. The fund balance
19 ratio shall be expressed as a percentage.

20 (b) The interval of the fund balance ratio, expressed as a
21 percentage, shall determine which tax schedule in (e) of this
22 subsection shall be in effect for assigning tax rates for the rate
23 year. The intervals for determining the effective tax schedule shall
24 be:

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Interval of the Fund Balance Ratio Expressed as a Percentage	Effective Tax Schedule
2.90 and above	AA
2.10 to 2.89	A
1.70 to 2.09	B
1.40 to 1.69	C
1.00 to 1.39	D
0.70 to 0.99	E
Less than 0.70	F

(c) An array shall be prepared, listing all qualified employers in ascending order of their benefit ratios. The array shall show for each qualified employer: (i) Identification number; (ii) benefit ratio; (iii) taxable payrolls for the four calendar quarters immediately preceding the computation date and reported to the department by the cut-off date; (iv) a cumulative total of taxable payrolls consisting of the employer's taxable payroll plus the taxable payrolls of all other employers preceding him or her in the array; and (v) the percentage equivalent of the cumulative total of taxable payrolls.

(d) Each employer in the array shall be assigned to one of twenty rate classes according to the percentage intervals of cumulative taxable payrolls set forth in (e) of this subsection: PROVIDED, That if an employer's taxable payroll falls within two or more rate classes, the employer and any other employer with the same benefit ratio shall be assigned to the lowest rate class which includes any portion of the employer's taxable payroll.

(e) Except as provided in RCW 50.29.026, the contribution rate for each employer in the array shall be the rate specified in the following tables for the rate class to which he or she has been assigned, as determined under (d) of this subsection, within the tax schedule which is to be in effect during the rate year:

Percent of		Schedules of Contributions Rates								
Cumulative		for Effective Tax Schedule								
Taxable Payrolls										
Rate										
From	To Class	AA	A	B	C	D	E	F		
0.00	5.00	1	0.47	0.47	0.57	0.97	1.47	1.87	2.47	
5.01	10.00	2	0.47	0.47	0.77	1.17	1.67	2.07	2.67	
10.01	15.00	3	0.57	0.57	0.97	1.37	1.77	2.27	2.87	
15.01	20.00	4	0.57	0.73	1.11	1.51	1.90	2.40	2.98	
20.01	25.00	5	0.72	0.92	1.30	1.70	2.09	2.59	3.08	
25.01	30.00	6	0.91	1.11	1.49	1.89	2.29	2.69	3.18	
30.01	35.00	7	1.00	1.29	1.69	2.08	2.48	2.88	3.27	
35.01	40.00	8	1.19	1.48	1.88	2.27	2.67	3.07	3.47	
40.01	45.00	9	1.37	1.67	2.07	2.47	2.87	3.27	3.66	
45.01	50.00	10	1.56	1.86	2.26	2.66	3.06	3.46	3.86	
50.01	55.00	11	1.84	2.14	2.45	2.85	3.25	3.66	3.95	

1	55.01	60.00	12	2.03	2.33	2.64	3.04	3.44	3.85	4.15
2	60.01	65.00	13	2.22	2.52	2.83	3.23	3.64	4.04	4.34
3	65.01	70.00	14	2.40	2.71	3.02	3.43	3.83	4.24	4.54
4	70.01	75.00	15	2.68	2.90	3.21	3.62	4.02	4.43	4.63
5	75.01	80.00	16	2.87	3.09	3.42	3.81	4.22	4.53	4.73
6	80.01	85.00	17	3.27	3.47	3.77	4.17	4.57	4.87	4.97
7	85.01	90.00	18	3.67	3.87	4.17	4.57	4.87	4.97	5.17
8	90.01	95.00	19	4.07	4.27	4.57	4.97	5.07	5.17	5.37
9	95.01	100.00	20	5.40	5.40	5.40	5.40	5.40	5.40	5.40

10 (f) The contribution rate for each employer not qualified to be in
11 the array shall be as follows:

12 (i) Employers who do not meet the definition of "qualified
13 employer" by reason of failure to pay contributions when due shall be
14 assigned a contribution rate two-tenths higher than that in rate class
15 20 for the applicable rate year, except employers who have an approved
16 agency-deferred payment contract by September 30 of the previous rate
17 year. If any employer with an approved agency-deferred payment
18 contract fails to make any one of the succeeding deferred payments or
19 fails to submit any succeeding tax report and payment in a timely
20 manner, the employer's tax rate shall immediately revert to a
21 contribution rate two-tenths higher than that in rate class 20 for the
22 applicable rate year; and

23 (ii) For all other employers not qualified to be in the array, the
24 contribution rate shall be a rate equal to the average industry rate as
25 determined by the commissioner; however, the rate may not be less than
26 one percent.

27 (2) Beginning with contributions assessed for rate year 2005, the
28 contribution rate for each employer subject to contributions under RCW
29 50.24.010 shall be the sum of the array calculation factor rate and the
30 graduated social cost factor rate determined under this subsection, and
31 the solvency surcharge determined under RCW 50.29.041, if any.

32 (a) The array calculation factor rate shall be determined as
33 follows:

34 (i) An array shall be prepared, listing all qualified employers in
35 ascending order of their benefit ratios. The array shall show for each
36 qualified employer: (A) Identification number; (B) benefit ratio; and
37 (C) taxable payrolls for the four consecutive calendar quarters
38 immediately preceding the computation date and reported to the
39 employment security department by the cut-off date.

1 (ii) Each employer in the array shall be assigned to one of forty
 2 rate classes according to his or her benefit ratio as follows, and,
 3 except as provided in RCW 50.29.026, the array calculation factor rate
 4 for each employer in the array shall be the rate specified in the rate
 5 class to which the employer has been assigned:

	Benefit Ratio		Rate	Rate
	At least	Less than	Class	(percent)
6		0.000001	1	0.00
7				
8		0.001250	2	0.13
9	0.000001			
10	0.001250	0.002500	3	0.25
11	0.002500	0.003750	4	0.38
12	0.003750	0.005000	5	0.50
13	0.005000	0.006250	6	0.63
14	0.006250	0.007500	7	0.75
15	0.007500	0.008750	8	0.88
16	0.008750	0.010000	9	1.00
17	0.010000	0.011250	10	1.15
18	0.011250	0.012500	11	1.30
19	0.012500	0.013750	12	1.45
20	0.013750	0.015000	13	1.60
21	0.015000	0.016250	14	1.75
22	0.016250	0.017500	15	1.90
23	0.017500	0.018750	16	2.05
24	0.018750	0.020000	17	2.20
25	0.020000	0.021250	18	2.35
26	0.021250	0.022500	19	2.50
27	0.022500	0.023750	20	2.65
28	0.023750	0.025000	21	2.80
29	0.025000	0.026250	22	2.95
30	0.026250	0.027500	23	3.10
31	0.027500	0.028750	24	3.25
32	0.028750	0.030000	25	3.40
33	0.030000	0.031250	26	3.55
34	0.031250	0.032500	27	3.70
35	0.032500	0.033750	28	3.85
36	0.033750	0.035000	29	4.00

1	0.035000	0.036250	30	4.15
2	0.036250	0.037500	31	4.30
3	0.037500	0.040000	32	4.45
4	0.040000	0.042500	33	4.60
5	0.042500	0.045000	34	4.75
6	0.045000	0.047500	35	4.90
7	0.047500	0.050000	36	5.05
8	0.050000	0.052500	37	5.20
9	0.052500	0.055000	38	5.30
10	0.055000	0.057500	39	5.35
11	0.057500		40	5.40

12 (b) The graduated social cost factor rate shall be determined as
13 follows:

14 (i)(A) Except as provided in (b)(i)(B) (~~and~~), (C), and (D) of
15 this subsection, the commissioner shall calculate the flat social cost
16 factor for a rate year by dividing the total social cost by the total
17 taxable payroll. The division shall be carried to the second decimal
18 place with the remaining fraction disregarded unless it amounts to five
19 hundredths or more, in which case the second decimal place shall be
20 rounded to the next higher digit. The flat social cost factor shall be
21 expressed as a percentage.

22 (B) If, on the cut-off date, the balance in the unemployment
23 compensation fund is determined by the commissioner to be an amount
24 that will provide more than ten months of unemployment benefits, the
25 commissioner shall calculate the flat social cost factor for the rate
26 year immediately following the cut-off date by reducing the total
27 social cost by the dollar amount that represents the number of months
28 for which the balance in the unemployment compensation fund on the cut-
29 off date will provide benefits above ten months and dividing the result
30 by the total taxable payroll. However, the calculation under this
31 subsection (2)(b)(i)(B) for a rate year may not result in a flat social
32 cost factor that is more than two-tenths lower than the calculation
33 under (b)(i)(A) of this subsection for that rate year. For the
34 purposes of this subsection, the commissioner shall determine the
35 number of months of unemployment benefits in the unemployment
36 compensation fund using the benefit cost rate for the average of the
37 three highest calendar benefit cost rates in the twenty consecutive

1 completed calendar years immediately preceding the cut-off date or a
2 period of consecutive calendar years immediately preceding the cut-off
3 date that includes three recessions, if longer.

4 (C) The minimum flat social cost factor calculated under this
5 subsection (2)(b) shall be six-tenths of one percent.

6 (D) With respect to rate year 2007, the flat social cost factor
7 shall be the lesser of:

8 (I) The flat social cost factor determined under (b)(i)(A) through
9 (C) of this subsection; or

10 (II) The flat social cost factor that would be determined under
11 (b)(i)(A) through (C) of this subsection if RCW 50.20.120(2)(c) had
12 been in effect during the immediately preceding rate year.

13 (ii)(A) Except as provided in (b)(ii)(B) of this subsection, the
14 graduated social cost factor rate for each employer in the array is the
15 flat social cost factor multiplied by the percentage specified as
16 follows for the rate class to which the employer has been assigned in
17 (a)(ii) of this subsection(, except that the sum of an employer's
18 array calculation factor rate and the graduated social cost factor rate
19 may not exceed six and five-tenths percent or, for employers whose
20 standard industrial classification code is within major group "01,"
21 "02," "07," "091," "203," "209," or "5148," or the equivalent code in
22 the North American industry classification system code, may not exceed
23 six percent))):

24 ~~((A))~~ (I) Rate class 1 - 78 percent;

25 ~~((B))~~ (II) Rate class 2 - 82 percent;

26 ~~((C))~~ (III) Rate class 3 - 86 percent;

27 ~~((D))~~ (IV) Rate class 4 - 90 percent;

28 ~~((E))~~ (V) Rate class 5 - 94 percent;

29 ~~((F))~~ (VI) Rate class 6 - 98 percent;

30 ~~((G))~~ (VII) Rate class 7 - 102 percent;

31 ~~((H))~~ (VIII) Rate class 8 - 106 percent;

32 ~~((I))~~ (IX) Rate class 9 - 110 percent;

33 ~~((J))~~ (X) Rate class 10 - 114 percent;

34 ~~((K))~~ (XI) Rate class 11 - 118 percent; and

35 ~~((L))~~ (XII) Rate classes 12 through 40 - 120 percent.

36 (B) The sum of an employer's array calculation factor rate and the
37 graduated social cost factor rate may not exceed six and five-tenths
38 percent, except that:

1 (I) For contributions assessed beginning July 1, 2005, through June
2 30, 2007, for employers whose North American industry classification
3 system code is "111," "112," "115," "3114," "3117," "42448," or
4 "49312," the graduated social cost factor rate is zero; and

5 (II) The sum of an employer's array calculation factor rate and the
6 graduated social cost factor rate may not exceed six percent for
7 employers whose North American industry classification system code is
8 "1141," and, for periods not covered by (b)(ii)(B)(I) of this
9 subsection, for employers whose North American industry classification
10 system code is "111," "112," "115," "3114," "3117," or "42448."

11 (iii) For the purposes of this section:

12 (A) "Total social cost" means:

13 (I) Except as provided in (b)(iii)(A)(II) of this subsection, the
14 amount calculated by subtracting the array calculation factor
15 contributions paid by all employers with respect to the four
16 consecutive calendar quarters immediately preceding the computation
17 date and paid to the employment security department by the cut-off date
18 from the total unemployment benefits paid to claimants in the same four
19 consecutive calendar quarters. To calculate the flat social cost
20 factor for rate year 2005, the commissioner shall calculate the total
21 social cost using the array calculation factor contributions that would
22 have been required to be paid by all employers in the calculation
23 period if (a) of this subsection had been in effect for the relevant
24 period.

25 (II) For rate year 2007, the amount calculated under (b)(iii)(A)(I)
26 of this subsection reduced by the amount of benefits charged that
27 exceed the contributions paid in the four consecutive calendar quarters
28 immediately preceding the applicable computation date because, as
29 applicable, specified employers are subject to the social cost
30 contributions under (b)(ii)(B)(I) of this subsection, and/or because
31 the social cost factor contributions are paid under (b)(i)(D)(II) of
32 this subsection.

33 (B) "Total taxable payroll" means the total amount of wages subject
34 to tax, as determined under RCW 50.24.010, for all employers in the
35 four consecutive calendar quarters immediately preceding the
36 computation date and reported to the employment security department by
37 the cut-off date.

1 (c) The array calculation factor rate for each employer not
2 qualified to be in the array shall be as follows:

3 (i) Employers who do not meet the definition of "qualified
4 employer" by reason of failure to pay contributions when due shall be
5 assigned an array calculation factor rate two-tenths higher than that
6 in rate class 40, except employers who have an approved agency-deferred
7 payment contract by September 30th of the previous rate year. If any
8 employer with an approved agency-deferred payment contract fails to
9 make any one of the succeeding deferred payments or fails to submit any
10 succeeding tax report and payment in a timely manner, the employer's
11 tax rate shall immediately revert to an array calculation factor rate
12 two-tenths higher than that in rate class 40; and

13 (ii) For all other employers not qualified to be in the array, the
14 array calculation factor rate shall be a rate equal to the average
15 industry array calculation factor rate as determined by the
16 commissioner, plus fifteen percent of that amount; however, the rate
17 may not be less than one percent or more than the array calculation
18 factor rate in rate class 40.

19 (d) The graduated social cost factor rate for each employer not
20 qualified to be in the array shall be as follows:

21 (i) For employers whose array calculation factor rate is determined
22 under (c)(i) of this subsection, the social cost factor rate shall be
23 the social cost factor rate assigned to rate class 40 under (b)(ii) of
24 this subsection.

25 (ii) For employers whose array calculation factor rate is
26 determined under (c)(ii) of this subsection, the social cost factor
27 rate shall be a rate equal to the average industry social cost factor
28 rate as determined by the commissioner, plus fifteen percent of that
29 amount, but not more than the social cost factor rate assigned to rate
30 class 40 under (b)(ii) of this subsection.

31 (3) Assignment of employers by the commissioner to industrial
32 classification, for purposes of this section, shall be in accordance
33 with established classification practices found in the "Standard
34 Industrial Classification Manual" issued by the federal office of
35 management and budget to the third digit provided in the standard
36 industrial classification code, or in the North American industry
37 classification system code.

1 **Sec. 5.** RCW 50.16.030 and 1999 c 36 s 1 are each amended to read
2 as follows:

3 (1)(a) Except as provided in (b) and (c) of this subsection, moneys
4 shall be requisitioned from this state's account in the unemployment
5 trust fund solely for the payment of benefits and repayment of loans
6 from the federal government to guarantee solvency of the unemployment
7 compensation fund in accordance with regulations prescribed by the
8 commissioner, except that money credited to this state's account
9 pursuant to section 903 of the social security act, as amended, shall
10 be used exclusively as provided in RCW 50.16.030(5). The commissioner
11 shall from time to time requisition from the unemployment trust fund
12 such amounts, not exceeding the amounts standing to its account
13 therein, as he or she deems necessary for the payment of benefits for
14 a reasonable future period. Upon receipt thereof the treasurer shall
15 deposit such moneys in the benefit account and shall issue his or her
16 warrants for the payment of benefits solely from such benefits account.

17 (b) During fiscal years 2006 and 2007, moneys for the payment of
18 regular benefits as defined in RCW 50.22.010 shall be requisitioned in
19 the following order:

20 (i) First, from the moneys credited to this state's account in the
21 unemployment trust fund pursuant to section 903 of the social security
22 act, as amended in section 209 of the temporary extended unemployment
23 compensation act of 2002 (42 U.S.C. Sec. 1103(d)), the amount equal to
24 the amount of benefits charged that exceed the contributions paid in
25 the four consecutive calendar quarters ending on June 30, 2006, for the
26 fiscal year 2006 calculation, and ending on June 30, 2007, for the
27 fiscal year 2007 calculation, because the social cost factor
28 contributions that employers are subject to under RCW
29 50.29.025(2)(b)(ii)(B)(I) are less than the social cost factor
30 contributions that would have applied to these employers under RCW
31 50.29.025(2)(b)(ii)(B)(II); and

32 (ii) Second, after the requisitioning required under (b)(i) of this
33 subsection in the respective fiscal year, from all other moneys
34 credited to this state's account in the unemployment trust fund.

35 (c) After the requisitioning required under (b) of this subsection,
36 if applicable, during calendar years 2006 and 2007, moneys for the
37 payment of regular benefits as defined in RCW 50.22.010 shall be
38 requisitioned in the following order:

1 (i) First, from the moneys credited to this state's account in the
2 unemployment trust fund pursuant to section 903 of the social security
3 act, as amended in section 209 of the temporary extended unemployment
4 compensation act of 2002 (42 U.S.C. Sec. 1103(d)), the amount equal to
5 the amount of benefits charged that exceed the contributions paid in
6 the four consecutive calendar quarters immediately preceding the
7 applicable computation date because the social cost factor
8 contributions paid pursuant to RCW 50.29.025(2)(b)(i)(D)(II) are less
9 than the social cost factor contributions that would have been paid if
10 RCW 50.29.025(2)(b)(i)(D)(I) had been applicable; and

11 (ii) Second, after the requisitioning required under (c)(i) of this
12 subsection in the respective calendar year, from all other moneys
13 credited to this state's account in the unemployment trust fund.

14 (2) Expenditures of such moneys in the benefit account and refunds
15 from the clearing account shall not be subject to any provisions of law
16 requiring specific appropriations or other formal release by state
17 officers of money in their custody, and RCW 43.01.050, as amended,
18 shall not apply. All warrants issued by the treasurer for the payment
19 of benefits and refunds shall bear the signature of the treasurer and
20 the countersignature of the commissioner, or his or her duly authorized
21 agent for that purpose.

22 (3) Any balance of moneys requisitioned from the unemployment trust
23 fund which remains unclaimed or unpaid in the benefit account after the
24 expiration of the period for which sums were requisitioned shall either
25 be deducted from estimates for, and may be utilized for the payment of,
26 benefits during succeeding periods, or in the discretion of the
27 commissioner, shall be redeposited with the secretary of the treasury
28 of the United States of America to the credit of this state's account
29 in the unemployment trust fund.

30 (4) Money credited to the account of this state in the unemployment
31 trust fund by the secretary of the treasury of the United States of
32 America pursuant to section 903 of the social security act, as amended,
33 may be requisitioned and used for the payment of expenses incurred for
34 the administration of this title pursuant to a specific appropriation
35 by the legislature, provided that the expenses are incurred and the
36 money is requisitioned after the enactment of an appropriation law
37 which:

1 (a) Specifies the purposes for which such money is appropriated and
2 the amounts appropriated therefor;

3 (b) Limits the period within which such money may be obligated to
4 a period ending not more than two years after the date of the enactment
5 of the appropriation law; and

6 (c) Limits the amount which may be obligated during a twelve-month
7 period beginning on July 1st and ending on the next June 30th to an
8 amount which does not exceed the amount by which (i) the aggregate of
9 the amounts credited to the account of this state pursuant to section
10 903 of the social security act, as amended, during the same twelve-
11 month period and the thirty-four preceding twelve-month periods,
12 exceeds (ii) the aggregate of the amounts obligated pursuant to RCW
13 50.16.030 (4), (5) and (6) and charged against the amounts credited to
14 the account of this state during any of such thirty-five twelve-month
15 periods. For the purposes of RCW 50.16.030 (4), (5) and (6), amounts
16 obligated during any such twelve-month period shall be charged against
17 equivalent amounts which were first credited and which are not already
18 so charged; except that no amount obligated for administration during
19 any such twelve-month period may be charged against any amount credited
20 during such a twelve-month period earlier than the thirty-fourth
21 twelve-month period preceding such period: PROVIDED, That any amount
22 credited to this state's account under section 903 of the social
23 security act, as amended, which has been appropriated for expenses of
24 administration, whether or not withdrawn from the trust fund shall be
25 excluded from the unemployment compensation fund balance for the
26 purpose of experience rating credit determination.

27 (5) Money credited to the account of this state pursuant to section
28 903 of the social security act, as amended, may not be withdrawn or
29 used except for the payment of benefits and for the payment of expenses
30 of administration and of public employment offices pursuant to RCW
31 50.16.030 (4), (5) and (6). However, moneys credited because of excess
32 amounts in federal accounts in federal fiscal years 1999, 2000, and
33 2001 shall be used solely for the administration of the unemployment
34 compensation program and are not subject to appropriation by the
35 legislature for any other purpose.

36 (6) Money requisitioned as provided in RCW 50.16.030 (4), (5) and
37 (6) for the payment of expenses of administration shall be deposited in
38 the unemployment compensation fund, but until expended, shall remain a

1 part of the unemployment compensation fund. The commissioner shall
2 maintain a separate record of the deposit, obligation, expenditure and
3 return of funds so deposited. Any money so deposited which either will
4 not be obligated within the period specified by the appropriation law
5 or remains unobligated at the end of the period, and any money which
6 has been obligated within the period but will not be expended, shall be
7 returned promptly to the account of this state in the unemployment
8 trust fund.

9 NEW SECTION. **Sec. 6.** A new section is added to chapter 50.29 RCW
10 to read as follows:

11 (1) By October 1, 2006, and October 1, 2007, the employment
12 security department must report to the appropriate committees of the
13 legislature on the impact, or projected impact, of sections 2 and 3,
14 chapter ..., Laws of 2005 (sections 2 and 3 of this act) on the
15 unemployment trust fund in the three consecutive fiscal years beginning
16 with the year before the report date.

17 (2) This section expires January 1, 2008.

18 NEW SECTION. **Sec. 7.** To establish additional capacity within the
19 employment security department, the department is authorized to add two
20 full-time equivalent employees to develop economic models for
21 estimating the impacts of policy changes on the unemployment insurance
22 system and the unemployment trust fund.

23 NEW SECTION. **Sec. 8.** (1)(a) The joint legislative task force on
24 unemployment insurance benefit equity is established. The joint
25 legislative task force shall consist of the following members:

26 (i) The chair and ranking minority member of the senate labor,
27 commerce, research and development committee;

28 (ii) The chair and ranking minority member of the house commerce
29 and labor committee;

30 (iii) Four members representing business, selected from nominations
31 submitted by statewide business organizations representing a cross-
32 section of industries and appointed jointly by the president of the
33 senate and the speaker of the house of representatives; and

34 (iv) Four members representing labor, selected from nominations

1 submitted by statewide labor organizations representing a cross-section
2 of industries and appointed jointly by the president of the senate and
3 the speaker of the house of representatives.

4 (b) In addition, the employment security department shall cooperate
5 with the task force and maintain a liaison representative, who shall be
6 a nonvoting member. The department shall cooperate with the task force
7 and provide information as the task force may reasonably request.

8 (2) The task force shall review the unemployment insurance system,
9 including, but not limited to, whether the benefit structure provides
10 for equitable benefits, whether the structure fairly accounts for
11 changes in the work force and industry work patterns, including
12 seasonality, and for claimants' annual work patterns, whether the tax
13 structure provides for an equitable distribution of taxes, and whether
14 the trust fund is adequate in the long term.

15 (3)(a) The task force shall use legislative facilities, and staff
16 support shall be provided by senate committee services and the house of
17 representatives office of program research. The task force may hire
18 additional staff with specific technical expertise if such expertise is
19 necessary to carry out the mandates of this study.

20 (b) Legislative members of the task force shall be reimbursed for
21 travel expenses in accordance with RCW 44.04.120. Nonlegislative
22 members, except those representing an employer or organization, are
23 entitled to be reimbursed for travel expenses in accordance with RCW
24 43.03.050 and 43.03.060.

25 (c) The expenses of the task force shall be paid jointly by the
26 senate and the house of representatives.

27 (5) The task force shall report its findings and recommendations to
28 the legislature by January 1, 2006.

29 (6) This section expires July 1, 2006.

30 NEW SECTION. **Sec. 9.** (1) Section 2 of this act expires June 30,
31 2007.

32 (2) It is the intent of the legislature that the expiration of
33 sections or subsections of this act results in those sections of law
34 being returned to the law in effect immediately before the effective
35 date of this act.

1 NEW SECTION. **Sec. 10.** If any part of this act is found to be in
2 conflict with federal requirements that are a prescribed condition to
3 the allocation of federal funds to the state or the eligibility of
4 employers in this state for federal unemployment tax credits, the
5 conflicting part of this act is inoperative solely to the extent of the
6 conflict, and the finding or determination does not affect the
7 operation of the remainder of this act. Rules adopted under this act
8 must meet federal requirements that are a necessary condition to the
9 receipt of federal funds by the state or the granting of federal
10 unemployment tax credits to employers in this state.

11 NEW SECTION. **Sec. 11.** This act is necessary for the immediate
12 preservation of the public peace, health, or safety, or support of the
13 state government and its existing public institutions, and takes effect
14 immediately."

15 Correct the title.

EFFECT: The amendment strikes the underlying intent section and
adds provisions that:

(1) Restore the "liberal construction" requirement for interpreting
the unemployment insurance system until June 30, 2007.

(2) For unemployment benefits paid on claims with effective dates
on or after the first Sunday after the Governor signs the bill, but
before July 1, 2007, calculate weekly benefit amounts (WBA) using 3.85
percent of the claimant's average wages during the two quarters in
which the wages were highest, instead of using one percent of annual
wages.

(3) For fiscal years 2006 and 2007, require employers in the
following industry classification to pay a graduated social cost factor
rate of zero: Agricultural crops, livestock, agricultural services,
food and seafood processing, and cold storage. Reed Act funds are
requisitioned to pay benefits in the amount of the benefits that are
not effectively charged because of the difference in contributions that
would have been paid at the usual rate.

(4) For tax rate year 2007, require the flat social cost factor to
be the lesser of the rate applicable with the new WBA calculations in
effect and the rate that would have been applicable if the WBA had been
calculated as one percent of annual wages. When benefits are not
effectively charged because the rate used is the rate under the "one
percent of annual wages" calculation, Reed Act funds are requisitioned
to pay benefits in the amount of those ineffective charges.

(5) Adjust the formula for determining the social cost factor in

rate year 2007 each year to account for any benefits that are not effectively charged under the changes during fiscal year 2006.

(6) Require the Employment Security Department to report to the Legislature annually for two years, beginning October 1, 2006, on the impact of these changes on the unemployment trust fund, with each report covering three consecutive fiscal years, beginning with the fiscal year prior to the report.

(7) Authorize two additional FTEs to establish additional capacity in the Employment Security Department to develop economic models.

(8) Establish the Joint Legislative Task Force on Unemployment Insurance Benefit Equity with four business representatives, four labor representatives, and the chairs and ranking minority members of the Senate Labor, Commerce, Research & Development Committee, and the House Commerce & Labor Committee, respectively. The Task Force must review the system, including whether the benefit structure is equitable, whether the structure fairly accounts for changes in work force, industry, and claimant work patterns, whether the tax structure equitably distributes taxes, and whether the trust fund is adequate in the long term.

(9) Declare an emergency with an immediate effective date.

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